

International Business News

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Conference Showcases U.S.-African Commercial Relations

(Edited from a report by
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For decades, Equatorial Guinea was one of the poorest nations on Earth. The country's dictator, in power until 1979, killed or banished more than a third of the population. Residents were so shut off from the rest of the world that they would greet the one weekly international flight to query disembarking passengers about the outside world.

Today, Equatorial Guinea is known largely for having the world's fastest-growing economy. The country is still far from problem-free, even when compared with neighboring countries. But it produces about one barrel of oil per day for every 1.25 people, a higher ratio than any other country except Qatar, Kuwait, and the United Arab Emirates, and foreign companies are now arriving from all over the world. American investment is estimated at more than \$5 billion, and the country is now one of the largest destinations in Africa for U.S. exports, mostly in oil and gas-related equipment. The country is far better positioned to fund new schools, health care facilities, and other projects that can improve the standard of living.

Gradual Economic Development

Equatorial Guinea's experience is, to some extent, a snapshot of the entire African continent. Largely overlooked and greatly misunderstood by international businesspeople, Africa is finally rising from decades of hardship. President George W. Bush witnessed this firsthand during his five-country tour of the continent in July. Economic growth in Africa, more than 4 percent in 2001, was greater than any other developing region. Some of the biggest emerging market successes can be found in countries such as Senegal, Mozambique, Botswana, and Mauritius. Africa has never suffered from lack of natural or cultural wealth. The challenge has been conceiving ways to effectively channel resources into tangible success stories.

Anyone who attended the U.S.-Africa Business Summit in Washington, D.C., June 24–27, 2003, observed that this is beginning to happen. Most of the United States still undoubtedly views Africa as a place of dejection and despair, but such a perception was lost on the summit's nearly 2,000 participants—they were simply too busy arranging deals and doing business.

Trade With Africa

U.S. trade with sub-Saharan Africa, roughly \$25 billion in 2002, is still small in volume and highly concentrated in the energy sector and passenger aircraft sales. But American exports to and investments in Africa are rapidly diversifying, and there are far more resources available for small and medium-sized American companies to do business in Africa than even just a few years ago.

Foreign companies are, for the first time, approaching the continent's more than 600 million people as a legitimate market segment that cannot be ignored. And there are huge export opportunities for everything from refurbished construction equipment and frozen chicken to beauty products and solar lighting.

On the import side, the African Growth and Opportunity Act (AGOA) is offering 38 sub-Saharan African countries the most liberal access to the U.S. market available to any country or region that does not have a free trade agreement with the United States. In 2002, AGOA imports increased 10 percent to \$9 billion. Textile and apparel imports were \$803 million in 2002, more than double the 2001 figure.

In June, the United States and the five member countries of the Southern African Customs Union—Botswana, Lesotho, Namibia, South Africa, and Swaziland—launched negotiations toward a free trade agreement in Pretoria, South Africa. Such an agreement would give the United States preferential access to its largest export market in sub-Saharan Africa—worth more than \$2.5 billion in 2002.

Obstacles And Challenges

Vast obstacles still exist for the continent. No other people have to make more difficult decisions on such a routine basis. And perhaps no challenge is greater than sub-Saharan Africa's HIV/AIDS pandemic. The U.S. Department of Commerce is focusing resources on the pandemic in Africa. The department is in the process of working with U.S. pharmaceutical companies as well as firms from other industries to encourage public-private partnerships that address global health care infrastructure problems in developing countries.

BEST EXPORT PROSPECTS TO EQUATORIAL GUINEA

- Oil/Gas Field Mach., Oil, Gas Mineral Production and Exploration Services
 - Construction Equipment
 - Trucks, Trailers/Buses
 - Information Technology

MANUFACTURING IN MEXICO:

According to a new report by the U.S. Department of Commerce, the Mexican manufacturing sector output accounted for 22 percent of total Mexican GDP over the period 1999 to 2002. The Mexican Government is encouraging the export of manufactured goods by facilitating the importation of capital goods. Mexican imports of machine tools, metal forming machines, tools and related equipment have been central to this growth, and are still dominated by U.S. products, whose market share averages 48 percent. If you would like a copy of this report, fax 501-324-7380, or little.rock.office.box@mail.doc.gov, or call us at 501-324-5794.

EXPORT TAX BREAK SURVIVES SO FAR IN 2003

The Extraterritorial Income Exclusion (IRS Form 8873) is an export tax break that has been available since Oct. 1, 2000. In many cases, it can keep the Internal Revenue Service from taxing 15% of your net income or 1.2% of your gross receipts (not to exceed 30% of the net) from the export sale of qualified U.S. origin products. The World Trade Organization says this tax mechanism is an illegal export subsidy that violates WTO rules. Congress is slated to pass legislation this autumn to get it out of the U.S. Tax Code. We are not sure yet what the effective date of the new legislation will be. If Congress says the benefit won't apply after Sept. 30 or Dec. 31, then there may be three or four calendar quarters of eligibility left in 2003. You can download the 2002 version of IRS Form 8873 and the IRS instructions for filling it out from the web site <http://www.irs.gov/>. No 2003 version has appeared yet, pending resolution of this matter by Congress.

NIGERIAN FRAUD SCAMS

The U.S. Commercial Service post in Lagos, Nigeria, recently sent the following message to all USEAC offices: "We frequently receive emails from your staff and clients regarding unsolicited inquiries from Nigerian companies. Of course, we urge you to contact us when you or your clients receive unsolicited inquiries from Nigerian companies. We will gladly and promptly look into the validity of the company and their inquiry. Presently, we have more than 2,000 Nigerian companies registered with CS/Nigeria and for each of these companies we have done an ICP-type background check. Despite the unfortunate prevalence of frauds coming from Nigeria, we have many reputable and interested Nigerian companies that contact us to do business with the U.S. If your client believes they may be a victim of Advance Fee Fraud and may have lost money, please contact the U.S. Secret Service Field Office closest to you. Field Office contact information is listed in your local phone book's blue or government pages. For a complete listing of field offices worldwide, go to: <http://www.secretservice.gov>. If you are not a victim but would like to report receipt of a suspicious email or

letter, forward email messages to: 419.fcd@uss.treas.gov. Fax or mail letters to: 950 H Street N.W., Suite 5300, Washington, DC 20223, Fax: (202) 406-6930

NEW PASSPORT REQUIREMENTS FOR INTERNATIONAL TRAVELERS TO THE U.S.

Starting October 1, 2003 visa waiver travelers from the five countries of Andorra, Brunei, Liechtenstein and Luxembourg must present either a machine-readable passport or a U.S. visa.

Citizens of Belgium who wish to travel to the U.S. under the Visa Waiver Program must present a machine-readable passport (MRP) effective May 15, 2003.

The Secretary of State has granted a postponement until October 26, 2004, as the deadline whereby visa waiver program travelers from 21 VWP countries must present a machine-readable passport (MRP) at the U.S. port of entry to enter the U.S. without a visa, otherwise a U.S. visa is required. The 21 countries are: Australia, Austria, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Japan, Monaco, The Netherlands, New Zealand, Norway, Portugal, San Marino, Singapore, Slovenia, Spain, Sweden, Switzerland, and United Kingdom.

The Visa Waiver Program (VWP) enables citizens of certain countries to travel to the United States for tourism or business for 90 days or less without obtaining a visa. Not all countries participate in the VWP. Some restrictions apply to this program. For more information go to the U.S. Department of State Website at <http://travel.state.gov/vwp.html>

ON NOVEMBER 2, 2003 U.S. WILL JOIN INTERNATIONAL TRADEMARK FILING SYSTEM

An international filing system that will cost less than the present country-by-country method will be a new option for U.S. companies registering their trademarks overseas. Recent federal legislation implemented an agreement for the U.S. to join the Madrid Protocol, an international treaty that facilitates procuring and maintaining international registrations in the participating countries through a centralized and cost-effective system. The Madrid Protocol will allow U.S. applicants to file a single international trademark application that designates the member countries where trademark registration is sought. U.S. participation in the Madrid Protocol will begin once the necessary rules and procedures are in place, but not sooner than November 2, 2003. For more details, go to www.wipo.int/madrid/en/ or the International Trademark Association at www.inta.org/policy/madrid_primer.html.

ASSISTANCE FOR IMPORT-IMPACTED MANUFACTURERS

Trade Adjustment Assistance (TAA) is a U.S. Department of Commerce program designed for manufacturers adversely affected by imports. This program offers 50/50 cost sharing of projects aimed at improving a firm's competitive position, up to a total of \$100,000 in projects with a maximum TAA cost share of \$50,000.

Specifically, funds are applied toward the cost of consultants, engineers, or other outside professional service providers a firm chooses. Projects may fall into any one of four categories: Manufacturing, Marketing, Financial & General Management, and Information Technologies. Project examples include:

Manufacturing

Product Certification (CE, UL etc.)
Operations Analysis
Manufacturing Technology Review
Productivity Improvement

Marketing

Market Research
Advertising/Sales
Promotion/Brochure Design
Distributor /Sales Rep. Search
Analysis of Competition
Export Development

Information Technology

Hardware/Software Evaluation & Recommendation
System Conversion & Enhancements
E-Commerce

Financial & General Management

Strategic Planning
Compensation & Incentive Programs
Organizational Analysis

What are the eligibility requirements for Trade Adjustment Assistance?

To qualify, a manufacturing firm must have lost some domestic business to imports, and experienced sales and employment declines over the last two years.

How does a firm apply?

Interested firms should contact their local Trade Adjustment Assistance Center (TAAC) to get started. A TAAC professional will initially assess eligibility and prepare an application on a firm's behalf. For additional program information contact the TAAC serving Arkansas
Mid-America TAAC
664 SE Bayberry Lane, Suite 101
Lee's Summit, MO 64063
Toll Free: (800) 551-8222
Phone: (816) 246-1555
Fax: (816) 246-9860
Email: mid-amer@taacenter.org

IRAQ RECONSTRUCTION INFORMATION

The U.S. Department of Commerce has created an "Iraq Reconstruction Task Force" for U.S. companies seeking information on how to participate in the rebuilding of Iraq.

The following resources are available to assist U.S. companies:

A new website: www.export.gov/iraq
An address for receiving e-mail inquiries:
IraqInfo@mail.doc.gov.
A hot line at 1-866-352-IRAQ (4727)

To view commercial opportunities under contract solicitation and awards, go to the U.S. Agency for International Development,
www.usaid.gov/iraq/activities.html.

To view the latest information on Iraq Sanctions Guidelines, go to office of Foreign Asset Controls at
www.treas.gov/offices/enforcement/ofac/sanctions/sanctguide-iraq.html.

Ex-Im Bank Can Now Back Some U.S. Exports to Iraq

The Export-Import Bank of the United States (Ex-Im Bank) has determined that it is no longer legally prohibited from supporting U.S. exports to Iraq. While it is still closed for routine trade finance transactions, Ex-Im Bank is now prepared to process applications for exports to Iraq that involve buyers or letters of credit from banks located in third countries. Ex-Im Bank is also ready to consider applications under its Working Capital Guarantee Program (WCGP) for sub-contractors providing goods & services to Iraq under USAID contracts. The Bank can now also consider support for trade finance facilities established in connection with the reconstruction of Iraq.

UPCOMING EVENT

Business Future of the Americas Conference Making Free Trade Work

Presented by the Association of American Chambers of Commerce in Latin America (AACCLA) Costa Rica, November 9-11, 2003. For information and to register contact: Costa Rican American Chamber of Commerce
www.amcham.co.cr/bfa

For a list of other upcoming Department of Commerce sponsored events, contact us, or go to
<http://www.export.gov/tradeevents.html>

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